

Decision 01-06-040 June 14, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (E 3338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000)

INTERIM OPINION MODIFYING DECISION 01-05-064

In Decision (D.) 01-05-064 issued May 16, 2001, the Commission adopted the use of bill limiters to protect customers from the unanticipated impacts of increases in electric bills. The Commission also directed Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (Edison) to work with the Commission's Office of Ratepayer Advocates and Energy Division to develop a specific bill limiter mechanism and to propose this mechanism by advice letter within 15 days of the effective date of D.01-05-064 that could be fully implemented by July 1, 2001.

In considering this issue further, we find that the benefit of a transition period that the bill limiter mechanism offers customers who experience extremely high electric bills is outweighed by the negative effect this mechanism

will have on conservation efforts. We are also concerned that we cannot effectively review and monitor the program to ensure it is meeting our objectives and does not have unintended adverse consequences. Our record did not fully address these issues, nor did it provide us a specific bill limiter mechanism that met our objectives and could be timely implemented. To be most useful, a bill limiter program should be in place prior to the June 1, 2001 effective date of the rate increases authorized in D.01-05-064.

Therefore, we modify D.01-05-064 to remove the language adopting a bill limiter mechanism because such a mechanism directly conflicts with our goal of promoting energy conservation and does not provide an effective means of addressing our concern that some customers may experience unintended hardship as a result of the rate design adopted in D.01-05-064.

Pursuant to Rule 77.7(f)(9) of our Rules of Practice and Procedure, we reduce the 30-day period for public review and comment because public necessity requires that we act on this matter as soon as possible. By assigned Commissioner's Ruling dated May 25, 2001, interested parties were provided a draft of this order and an opportunity to file comments on June 1 and reply comments on June 7, 2001.

Findings of Fact

1. Adoption of a bill limiter mechanism directly conflicts with our goal of promoting energy conservation.
2. We cannot effectively review and monitor a bill limiter program to ensure it is effectively addressing our objectives and does not have unintended adverse consequences.

Conclusions of Law

1. We should modify D.01-05-064 to remove the requirement of a bill limiter mechanism.

2. Consistent with the conclusion that public necessity requires us to act on this issue as soon as possible, we have the authority under Rule 77.7(f)(9) of our Rules of Practice and Procedure to reduce the 30-day review and comment period of Public Utilities Code Section 311(g).

INTERIM ORDER

IT IS ORDERED that Decision 01-05-064 is modified as follows:

- a. The language in Section V.C., Bill Limiters and Special Schedules, at pages 33 and 34 is removed and replaced with the following language:

C. Bill Limiters

Some parties propose “bill limiters” to protect certain energy consumers from large increases. A “bill limiter” is simply an upper limit on the amount of increase a customer would realize in a single month. The use of a bill limiter mechanism directly conflicts with our goal of promoting energy conservation. We do not find any specific proposal before us that effectively provides a mechanism to mitigate unintended hardship of the price increases adopted here on individual customers and which does not raise unintended adverse consequences. Therefore, we do not adopt a bill limiter mechanism.

- b. Eliminate Findings of Fact 23, 24 and 41, Conclusion of Law 8 at page 62, and Ordering Paragraphs 1(f), 1(i), 1(l) and 9.

This order is effective today.

Dated June 14, 2001, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
GEOFFREY F. BROWN
Commissioners

Commissioner Carl Wood, being
necessarily absent, did not participate.